

## Message Text

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FM AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: CFED, AU

SUBJECT: MUTUAL EXCHANGE OF INFORMATION RELATED TO FINANCIERS  
(AND THEIR ASSETS) INVOLVED IN ORGANIZED CRIME AND CONTRABAND

REF: STATE 284637

1. SUMMARY. EMBASSY ARRANGED TWO APPOINTMENTS FOR MORTON BACH, SPECIAL ASSISTANT FOR INTERNATIONAL AFFAIRS, TREASURY DEPARTMENT, DURING HIS RECENT VISIT. IN THE FINANCE MINISTRY BACH MET WITH HEAD OF INTERNATIONAL DIVISION, SECTION CHEF DR. NEUDOEFER AND MINISTERIALRAT DR. ROBERT POLK OF THE TAX DIVISION IN THE MINISTRY OF FINANCE. IN THE FOREIGN MINISTRY BACH MET WITH HELMUT TUEK AND HAROLD WIESNER BOTH OF THE LEGAL DIVISION. ECON/COML COUNSELOR ACCOMPANIED BACH ON BOTH CALLS. RESULTS OF DISCUSSIONS WERE INCONCLUSIVE AND, IN EMBASSY OPINION, DID NOT PROVIDE ADEQUATE BASIS FOR FIRM CONCLUSIONS REGARDING POSSIBILITY OF NEGOTIATING AN AGREEMENT. END SUMMARY.

2. BACH EMPHASIZED TO THE GOA OFFICIALS THAT HIS CONVERSATIONS WERE VERY INFORMAL AND PURELY EXPLORATORY AND WERE ORIENTED PRIMARILY TO DETERMINE THE POSSIBILITY OF NEGOTIATING AN AGREEMENT WITH AUSTRIA FOR COOPERATION IN "TRANSNATIONAL FINANCIAL CRIMES" BACH ALSO SAID THAT AN AGREEMENT AS COMPREHENSIVE AS  
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THE U.S. LEGAL ASSISTANCE TREATY WITH SWITZERLAND

WAS NOT ENVISAGED. THE AUSTRIAN OFFICIALS INDICATED THAT THEY WERE EXPRESSING THEIR OWN OPINIONS ONLY AND NOT NECESSARILY THOSE OF THEIR RESPECTIVE MINISTRIES OR THE GOA AS A WHOLE.

3. NEUDOERFER SAID THAT THE AUSTRIAN SITUATION WAS SOMEWHAT DIFFERENT FROM THE SWISS ONE INSOFAR THAT AUSTRIA MAINTAINS FIARLY CLOSE SURVEILLANCE OF CAPITAL MOVEMENTS, A SITUATION FOR WHICH GOA HAD FREQUENTLY BEEN CRITICIZED BY OECD, WHEREAS SWITZERLAND HAS NO EXCHANGE CONTROLS. HE FELT THAT COOPERATION IN FINANCIAL FRAUD MATTERS COULD BE EFFECTED IF GOA DETERMINED THAT LEGAL ACTION HAD TO BE TAKEN BY GOA WITHIN AUSTRIA. HE DID NOT FEEL THAT IT WOULD BE POSSIBLE TO SEPARATE INVESTIGATIONS OF FRAUD, CONSPIRACY OR STOLEN SECURITIES FROM GENERAL CRIMINAL PROCEEDINGS. NEUDOERFER OBSERVED THAT THE DOUBLE TAXATION TREATY BETWEEN THE U.S. AND AUSTRIA PROVIDES FOR EXCHANGE OF INFORMATION, A PROVISION THAT MIGHT BE HELPFUL TO US.

4. FOREIGN MINISTRY OFFICIALS OPINED THAT IT WOULD BE NECESSARY TO DISTINGUISH BETWEEN ADMINISTRATIVE AGREEMENTS, I.E. AGREEMENTS BETWEEN TWO "OPERATIONAL ORGANIZATIONS" OF THE USG AND GOA, SUCH AS IN THE CASE OF THE CUSTOMS COOPERATION AGREEMENT NOW BEING NEGOTIATED AND AGREEMENTS OR TREATIES INVOLVING SEVERAL AUSTRIAN MINISTRIES, PARTICULARLY THE MINISTRY OF JUSTICE. THE OFFICALS WERE NON-COMMITTAL, BUT SAID THEY WOULD BE WILLING TO TAKE SOUNDINGS IN OTHER MINISTRIES CONCERNING THE POSSIBLE NEGOTIATION OF A "LEGAL AID" AGREEMENT WITH THE U.S.

5. COMMENT: EMBASSY IS OF VIEW THAT NON-COMMITTAL ATTITUDE OF AUSTRIANS ON POSSIBLE BILATERAL LEGAL ASSISTANCE TREATY IS BASED LARGELY ON THEIR INABILITY TO GAUGE PARAMETERS OF PROBABLE AGREEMENT OR SERIOUSNESS OF USG INTEREST ON SUBJECT. EMBASSY THEREFORE SUGGESTS THAT WASHINGTON AGENCIES MAY WISH TO PROVIDE EMBASSY WITH INTERAGENCY BRIEF FOR LIMITED OFFICIAL USE

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SUBMISSION TO GOA FOR ITS CONSIDERATION ON PARAMETERS OF POSSIBLE AGREEMENT AND USG RATIONALE FOR ITS NEED. ALTERNATIVELY, EMBASSY SUGGESTS VISIT TO VIENNA BY SMALL WASHINGTON INTERAGENCY GROUP FOR EXPLORATORY TALKS TO PRESENT SUBSTANTIVE ARGUMENTS FOR TREATY REQUIREMENT OR A SIMILAR APPROACH TO AUSTRIAN EMBASSY IN WASHINGTON.BUCHANAN

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